

THE LEONARD LETTER

*A weekly electronic newsletter about
California government, business and taxes*

*Bill Leonard, Member
State Board of Equalization*

April 9, 2007

QUOTE OF THE WEEK

*“If we abide by the principles taught in the Bible, our country will go on prospering and to prosper; but if we and our posterity neglect its instruction and authority, no man can tell how sudden a catastrophe may overwhelm us and bury all our glory in profound obscurity.” ---
Daniel Webster*

UNDER THE DOME

*****New County Taxes on Alcohol*****

Despite the record-breaking growth in county revenues in recent years, too much never seems to be enough. The State Senate is considering a bill to allow counties to tax “the privilege of consuming beer, wine, and distilled spirits.” SB 297, by Senator Gloria Romero, would allow county boards of supervisors to impose a new tax of up to 5% of the purchase price of such beverages for whatever purpose the supervisors might deem necessary, subject to approval by county voters.

Interestingly, the bill limits the new tax to alcohol “purchased in a retail sale for consumption on the premises of the seller,” so bar customers would pay the tax but liquor store customers would not. I do not drink, so this distinction makes no difference to me, but I wonder about the justification for treating the two kinds of sales so differently.

The Legislative Counsel Bureau has scored SB 297 as a majority vote bill, which means that the legislature's anti-tax Republicans cannot block it. If it becomes law, I am not looking forward to the county-by-county campaigns to adopt the new taxes. If history is any guide, we can expect supervisors to make generous promises they can not keep to the special interest groups that will fund the pro-tax campaigns. The campaigns will be full of deception and wild threats that vital services will be cut unless the new taxes are approved. Some things never change.

The other issue is the vote requirement. The bill allows a simple majority of voters to impose this tax on a narrow category of the population, those who consume alcohol at a bar or restaurant. Talk about taxation without representation. The vote requirement should be a two-thirds vote of the voters to make sure there is a consensus for this new tax. Should I really be allowed to vote on a new tax that I will never pay?

AROUND THE STATE

The Cost of Illegals

My friend Los Angeles County Supervisor Michael Antonovich released a stunning statistic last week: illegal immigrants and their families in L.A. County collect nearly half a billion dollars in welfare and food stamp allocations every year. Antonovich notes that this figure does not begin to touch on the amount of taxpayer money that is spent educating illegal immigrants. While L.A. might be the county most affected by illegal immigrants, imagine the size and scope of the expense statewide. It is a stunning figure and the extrapolation is simply staggering. One of the reasons it is so bad in California is that our state welfare and health programs are more generous and extravagant than any other states offer. We do not have accurate data about how much illegal immigrants pay in state taxes that might offset some of these expenses, but I have a hard time believing that the incoming taxes can be sufficient to offset the outflow, especially with a figure like half a billion dollars in just one county and just one program. How can the taxpayers of California continue to bear this burden? How can so many policymakers close their eyes to the tremendous impact of illegal immigration on our government services?

Skelton, Others Need Lesson on First Amendment

Last Monday, Cardinal Mahoney addressed some faithful worshipers at the cathedral in Los Angeles. Among his other comments, Mahoney went after Assembly Speaker Fabian Nunez's sponsorship of an assisted suicide bill, AB 374. Nunez represents Los Angeles in the Assembly. Mahoney said, "We should be troubled that Fabian Nunez, who has worshipped here in this cathedral as a Catholic, somehow has not understood and grasped the culture of life, but has allowed himself to get into this other direction, the culture of death."

<http://www.latimes.com/news/local/la-me-cap5apr05,1,4610643,print.column?coll=la-headlines-california>

This is certainly a strong comment. But what is interesting is the selective outrage. It is clearly on only certain issues that liberals go absolutely nuts, not the principle of whether Christians should be involved in politics. There are many, many other tax exempt organizations that make political statements by the way. But for whatever reason, when members of the Christian churches do it in a way that puts them at odds with liberals, then the practice is unacceptable. Christian named groups come around the capitol all the time lobbying for left wing policies regarding illegal immigration, welfare, higher taxes and other issues. This is apparently just fine by Skelton and the liberal elite. But should a religious leader dare to apply the Church's teachings to issues in a way that brings them into conflict with the left, something interesting happens. In this case, Skelton thinks Catholics should be punished because of Mahoney's comments by having the tax exempt status of the Catholic Church taken away. Do Skelton and other liberals really think that the Cardinal does not have rights of free speech? The mindset is that Christians are only permitted to speak out in favor of the liberal agenda, otherwise the speech police will come knocking on their door.

*****Zero Tolerance....for Rude Officials*****

Jennifer Nelson over at the Flashreport Blog posted a memo that had been issued from the presiding judge of the workers comp appeals board in Sacramento. A scanned version of the extraordinary communiqué can be found here:

<http://www.flashreport.org/files/2007040314471592.pdf>

Let me summarize the March 29 memo:

To: ALL PERSONS DOING BUSINESS AT DWC/WCAB SACRAMENTO.

From: J. HARTER, Associate Chief Judge/Presiding Judge

Subject: HOLE-PUNCHED DOCUMENTS.

“WCAB (workers’ comp appeals board) Rule 10392 requires that all documents filed with the WCAB by any party or lien claimant shall be on 8 1/2 X 11 inch paper with two holes punched at the top and centered to fit the WCAB file. We have been receiving many documents without holes punched..... This is not taken lightly. Violation of Rule 10392 will no longer be tolerated.”

The reason given in the memo is that they want to protect staff from hand and wrist injuries. While this sounds like a reasonable concern, the utter rudeness of the messenger is notable, as well is the attitude that people who do business with the workers’ comp appeals board are not like customers, nor constituents, but like cattle. For those in the business of government, this is exhibit A how not to treat the public.

To the so-called presiding judge who sent this memo -- instead of making up absurd internal rules on this, perhaps a better approach is to adopt a system, or get some kind of machine, that makes your office work for the staff AND the public – do not forget these, they are your customers. If this is something you do not understand, maybe public service is not your calling.

TAX TIPS

*****Tax Deadline Date Different This Year*****

We are accustomed to filing our income tax returns on April 15th each year, but this year we have an extra two days. The 15th falls on a Sunday, so the deadline would have been extended to Monday the 16th normally. But, Monday the 16th is an official government holiday called Emancipation Day in the District of Columbia. On that day in 1862, President Lincoln signed into law the Compensated Emancipation Act freeing about 3,100 slaves held in D.C. and signaling that he was planning to free all slaves nine months hence with the Emancipation Proclamation. However, this legislation was the only act providing payment to people who had been enslaved. A federal law passed decades ago provides that official D.C. holidays that affect tax deadlines apply nationwide. Unfortunately, the coincidence of the dates this year was not

noticed until after most tax documents were printed, so many official forms do not have the correct due date printed on them. The same timing will occur again in 2011—perhaps that is enough time for the government to plan its printing correctly.

The California Franchise Tax Board will also recognize the deadline as April 17th, along with the United States Treasury, even though the FTB will be at work on the 16th.

*****Interest Outrage*****

The Franchise Tax Board just announced that when taxpayers underpay their taxes the state will charge them 8% interest, but if the government keeps your money beyond what it should, then you will be paid only 5% interest. This is not news; the government announces this every year, and it frosts me every time. This is blatantly unfair, but the legislature does not want to correct this injustice. I can understand setting the interest rate high to encourage people to pay their taxes on time, but should not the government have the same incentive to refund people their money in a timely manner?

MISCELLANY

*****A Good Read*****

You will either hate or love Mark Steyn's book "America Alone." Either way, move past his rhetoric and consider his points about the new world order of the 21st century. The first part is about the population growth in the Muslim world versus the population decline in the European world. While population changes are difficult to extrapolate, we can already see that the next world generation will be more Muslim throughout Europe as well as the Middle East and Southeast Asia.

The second part makes the challenging argument that it is not population growth alone that will change the world, but that the West has lost the will to compete or prevail. "Will" is the key. Steyn explains that Europe has lost the will and is now suffering the consequences of a cultural invasion that does not recognize Western values and is willing to impose its values on the rest of the community. So it is left up to America and Americans to have the willpower to stand up for America's values. Steyn's answer to the often asked question about our exit strategy for Iraq is a quote from President Bush: "The survival of liberty in our land increasingly depends on the success of liberty in other lands." America is not alone in the world, but America may be alone in the fight for liberty and values of freedom everywhere.

"America Alone" closes with a great story from a century ago. Arthur Conan Doyle, of Sherlock Holmes fame, spent several years in Egypt and in 1898 published The Tragedy of the Korosko about a tourist group kidnapped by terrorists. One of the heroes of the book spoke for all of Britain (and hopefully for America) when he said: "I think that behind national interests and diplomacy and all that there lies a great guiding force --a Providence, in fact -- which is forever getting the best out of each nation and using it for the good of the whole. When a nation ceases to respond, it is time that she went into a hospital for a few centuries, like Spain or Greece -- the

virtue has gone out of her. A man or a nation is placed upon this earth to do merely what is pleasant and what is profitable. It is often called upon to carry out what is both unpleasant and unprofitable, but if it is obviously right it is mere shirking not to undertake it.” America does have a better system, better culture, more freedoms, better government, more religion than our enemies, and there is every reason not to hide that under a bushel basket.

BOE AND LEGISLATIVE DATES

April 9, 2007 --- Legislature reconvenes from Spring Recess. (J.R. 51(a)(2)).

April 24-25, 2007 --- Board of Equalization meets in Sacramento.

April 27, 2007 --- Last day for policy committees to hear and report fiscal bills for referral to fiscal committees (J.R. 61(a)(2)).

May 28, 2007 --- Memorial Day observed

May 31, 2007 --- Board of Equalization meets in Sacramento.

June 1, 2007 --- Board of Equalization meets in Sacramento.

June 8, 2007 --- Last day to pass bills out of house of origin (J.R. 61(a)(8)).

June 15, 2007 --- Budget Bill must be passed by midnight (Art. IV, Sec. 12(c)).

June 19-21, 2007 --- Board of Equalization meets in Culver City.

NOTABLE DATES/ HISTORY

April 9, 1865 --- Confederate General Robert E. Lee surrendered his troops to Union General Ulysses S. Grant at Appomattox, Virginia, leading to the end of the Civil War. This was just five days after President Abraham Lincoln walked the streets of the Rebel capitol of Richmond, Virginia.

April 9, 1872 --- Samuel R. Percy patented dried milk.

April 9, 1966 --- Anaheim Stadium opened for the California Angels baseball team.

April 10, 1790 --- The U.S. Patent system was established.

April 11, 1945 --- Allied forces liberated the first Nazi concentration camp, Buchenwald, Germany.

April 11, 1970 --- Apollo 13 blasted off toward the moon, but an explosion two days later forced astronauts to abort the mission and overcome extreme obstacles to return to earth.

April 12, 1861 --- The American Civil War began when Confederate troops opened fire on the Union's Fort Sumter in South Carolina's Charleston Bay.

April 12, 1955 --- Physician Jonas E. Salk's polio vaccine was released for general use in the United States.

April 13, 1860 --- The first Pony Express rider reached Sacramento.

April 13, 1902 --- JC Penney opened his first store in Kemmerer, WY.

April 14, 1775 --- The first American society for the abolition of slavery was organized by Benjamin Franklin and Benjamin Rush in Philadelphia.

April 15, 1865 --- U.S. president Abraham Lincoln died after being shot the previous night at Ford's Theatre in Washington, D.C. Vice President Andrew Johnson was sworn in as president.

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115

TDD service for the hearing impaired

TDD phones: 800-735-2929

Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

HOW TO CONTACT ME

Bill Leonard, Member

State Board of Equalization, Second District

Email: bill.leonard@boe.ca.gov

Northern California Office:

400 Capitol Mall, Suite 2340

Sacramento, CA 95814

Telephone: (916) 445-2181

Fax: (916) 327-4003

Southern California Office:

4295 E. Jurupa Ave., Ste. 204

Ontario, CA 91761-1428
Telephone: (909) 937-6106
Fax: (909) 937-7044